

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-07 NEA-10 ISO-00 L-03 AGRE-00
IGA-02 AID-05 CEA-01 CIAE-00 COME-00 FRB-03
INR-07 NSAE-00 SP-02 STR-04 TRSE-00 LAB-04 SIL-01
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P R 311710Z MAR 77
FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC PRIORITY 3428
INFO AMEMBASSY CAIRO PRIORITY
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E.O. 11652: N/A
TAGS: EAID, EAGR, EG, EEC
SUBJECT: EGYPTIAN WHEAT NEEDS FOR 1977 AND POSSIBLE LOWER UMR

REF: A) CAIRO 5224, B) EC BRUSSELS 2931, C) EC BRUSSELS 1370
D) EC BRUSSELS 3048, E) CAIRO 5418

1. SUMMARY: THE MISSION REVIEWED WITH COMMISSION OFFICIALS
THE RESULTS OF THE RECENT FOOD AID MISSION TO EGYPT. THE
COMMISSION STAFF PLANS TO RECOMMEND RELEASE OF THE 25,000 MT
CEREAL FOOD AID RESERVE AND POSSIBLE EXPANSION OF THE SKIM
MILK POWDER AID FOR EGYPT. THE COMMISSION MISSION AND
THE GOE AGREED TO A NEGOTIATED REDUCTION OF THE 1977/78 UMR,
BUT THE COMMISSION HAS NOT YET FORMALLY APPROVED THIS FIGURE.
THE COMMISSION STAFF, HOWEVER, BELIEVES THE UMR WILL EVENTUALLY
LIKELY BE REDUCED TO 2.5 MILLION MT FOR 1977/78. END SUMMARY.

2. MISSION OFFICERS SPOKE TO MOLINIER OF THE EC COMMISSION
FOOD AID OFFICE REGARDING HIS RECENT TRIP TO CAIRO. MOLINIER
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WAS QUITE SATISFIED WITH THE RESULTS, BECAUSE OF GOE
COOPERATION IN PROVIDING COMPLETE DATA ON ITS FOOD NEEDS.
MOLINIER WAS STRUCK BY EGYPT'S ACUTE FOOD NEEDS. HE
ESTIMATES THAT EGYPT NEEDS AN ADDITIONAL 400,000 MT OF
CEREAL IN CY-1977. HE ADDS THAT THE COMMISSION PLANS TO
RECOMMEND TO THE COUNCIL SHIPMENT OF THE CURRENT CEREAL
RESERVE OF 25,000 MT FOR EGYPT. (SEE REF. C.) THIS

WOULD BRING TOTAL EC FOOD AID CEREAL SHIPMENTS TO EGYPT FOR CY-1977 TO 100,000 MT.

3. MOLINIER SAYS NO DECISION HAS YET BEEN TAKEN REGARDING SKIMMED MILK POWDER (SMP) AND BUTTEROIL FOOD AID FOR THIS YEAR. HE BELIEVES, HOWEVER, THAT THE EC WILL PROVIDE AT LEAST 10,000 MT OF SMP AND PERHAPS ABOUT 2,000 MT OF BUTTEROIL.

4. AS INDICATED IN REF. A, MINISTER OF SUPPLY TWEFIK DID AGREE TO A UMR FOR THE PERIOD JULY 1977 TO JUNE 1978 OF 2.5 MILLION MT. COMMISSION OFFICIALS HAD ORIGINALLY PROPOSED A UMR OF 2.8 MILLION MT AND TWEFIK NEGOTIATED THIS DOWN TO A FINAL AGREED FIGURE OF 2.5. MOLINIER BELIEVES THAT THIS FIGURE IS NOW A FIRM AGREEMENT, WHICH WAS PUBLICLY ANNOUNCED IN CAIRO, AND HE DOES NOT BELIEVE THAT THE COMMISSION STAFF WOULD BE PREPARED TO CONSIDER A FURTHER REDUCTION.

5. AS AMEMBASSY CAIRO HAS POINTED OUT IN REF. E, A RECENT EC FOOD AID NOTIFICATION FOR 75,000 MT OF WHEAT TO EGYPT INDICATES A UMR FOR 1977/78 OF 2.8 MILLION MT. (SEE REF. D.) THIS FOOD AID NOTIFICATION WAS PREPARED BY THE COMMISSION'S AGRICULTURAL DIRECTORATE (DG-VI), APPARENTLY PRIOR TO THE REPORT ON RESULTS OF COMMISSION'S DISCUSSIONS IN CAIRO. DG-VI OFFICIALS TELL US THAT THE 2.5 MILLION MT UMR AGREED TO IN CAIRO IS JUST A NEGOTIATED FIGURE; IT HAS NOT YET BEEN FORMALLY APPROVED WITHIN THE COMMISSION. IN FACT, DG-VI LIMITED OFFICIAL USE

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QUESTIONS THE AUTHORITY OF THE COMMISSION MISSION TO AGREE TO A NEGOTIATED REDUCTION IN THE UMR FOR 1977/78. THUS, THERE IS NO EC COMMISSION AGREEMENT ON THIS REDUCTION; IT IS CURRENTLY UNDER REVIEW BY THE COMMISSION STAFF.

6. DG-VI OFFICIALS WHO HANDLE UMRS INDICATE, HOWEVER, THAT THEY WILL PROBABLY GO ALONG WITH A 2.5 MILLION UMR IN THE END. THEY SUGGEST THAT THE USG AND OTHER DONORS HOLD OFF FROM COMMENTING ON THE EC NOTIFICATION (REF. D) UNTIL THE COMMISSION REACHES AN AGREEMENT, AND NOTIFIES US OF A POSSIBLE MODIFICATION OF THE UMR.

7. MOLINIER EXPRESSED CONCERN FOR THE MANAGEMENT OF THE WORLD FOOD PROGRAM IN EGYPT. FOR EXAMPLE, HE FOUND THAT ONE PROGRAM WAS USING AN INAPPROPRIATE RATIO FOR CONVERTING NFDN INTO LOCALLY MADE CHEESE. MOLINIER ADDS THAT COMMISSION OFFICIALS MAY RAISE THIS AND OTHER WFP PROBLEMS WITH US OFFICIALS IN THE INFORMAL EXCHANGE OF VIEWS ON FOOD AID IN WASHINGTON

ON APRIL 25-26, MOLINIER EXPRESSED THE DESIRE TO
VISIT EGYPT ON A MORE REGULAR BASIS TO LOOK INTO FOOD
AID MATTERS. HE APPARENTLY RECOGNIZES THE NEED TO
SUPERVISE MORE COLSELY THAN IN THE PAST EC FOOD AID
ACTIVITIES IN EGYPT. HINTON

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Message Attributes

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Disposition Approved on Date:
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